

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 IO-11 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEA-00

OMB-01 /109 W

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R 041343Z FEB 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 3712

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

USDEL MTN GENEVA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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GENEVA FOR PHELAN

E.O.11652: N/A

TAGS: ETRD, BR

SUBJECT: US-BRAZIL TEXTILE NEGOTIATIONS

REFS: (A) BRASILIA 0680, (B) STATE 018745,

1. IN INFORMAL CONVERSATION WITH ECONOMIC COUNSELOR
FEBRUARY 2 MINISTER SERGIO ROUANET, CHIEF FOREIGN
MINISTRY'S COMMERCIAL POLICY DIVISION, SAID THAT
BRAZILIAN NEGOTIATIONS WITH THE EUROPEAN COMMUNITY WERE
ABOUT TO BE BROKEN OFF. AS SEEN FROM THE BRAZILIAN VIEWPOINT,
THE EC HAD BEEN TOTALLY UNREASONABLE AND BRAZIL
WOULD THEREFORE REFUSE TO ENTER INTO AN ARTICLE IV
ARRANGEMENT. INSTEAD THE GOB WOULD ACCEPT A VERY LIMITED
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NUMBER OF ARTICLE III RESTRAINTS BUT IN EACH CASE WOULD

TAKE A VERY HARD LINE IN INSISTING ON EVIDENCE IN SUPPORT OF SUCH RESTRICTIONS. (IN COURSE OF CONVERSATION, ROUANET CONCED, HOWEVER, THAT SOME OF HIS STAFF WERE STILL IN BRUSSELS, AND THAT, AS OF THIS TIME, TALKS WERE STILL CONTINUING, IN SOME FORM.)

2. ROUANET VOLUNTEERED THIS INFORMATION ENTIRELY ON HIS OWN, BUT HE MADE CLEAR THAT BRAZIL'S DECISION ON THE NEGOTIATIONS WITH THE EC HAD IMPLICATIONS FOR BRAZIL'S APPROACH TO THE FORTHCOMING NEGOTIATIONS WITH THE US. THE EXPERIENCE OF THE BRUSSELS NEGOTIATIONS, ROUANET SAID, HAD RESULTED IN A GENERAL HARDENING OF BRAZILIAN ATTITUDES WITH RESPECT TO TEXTILES, WITHIN THE GOVERNMENT AS WELL AS THE INDUSTRY. THE IMPRESSION IN BRAZIL WAS THAT THE US TEXTILE INDUSTRY WAS BOOMING AND THAT IT WOULD BE DIFFICULT FOR THE USG TO MAKE A CASE FOR MARKET DISRUPTION.

3. THE ECONOMIC COUNSELOR SAID THAT HE HAD NO SPECIFIC INFORMATION ON THE US POSITION BUT THAT HE UNDERSTOOD THERE WAS CONSIDERABLE CONCERN IN THE US OVER IMPORTS FROM BRAZIL AND THEIR EFFECT ON US MARKETS, ACTUAL OR POTENTIAL, PERHAPS MORE SO NOW THAN DURING THE NEGOTIATIONS LAST SUMMER. IN RESPONSE TO A QUESTION, ROUANET SAID THE GOB DID NOT AT THIS TIME HAVE A POSITION FOR THE WASHINGTON NEGOTIATIONS. THE BRAZILIAN OBJECTIVES FOR THE NEGOTIATIONS WOULD HAVE TO BE THOROUGHLY REVIEWED BY THE INTER-MINISTERIAL COMMITTEE, IN CONSULTATION WITH INDUSTRY. HOWEVER, SPEAKING PERSONALLY, HE THOUGHT THAT THE APPROACH OUTLINED INFORMALLY LAST YEAR WAS STILL A REASONABLE BASIS FOR THE NEGOTIATIONS. WHILE THE EMBASSY OFFICER REFRAINED FROM CONFIRMING ROUANET'S INTERPRETATION, IT APPEARED THAT ROUANET ASSUMED THE USG WAS STILL PREPARED TO NEGOTIATE ON THIS BASIS AND THAT HE WOULD SEEK NEGOTIATING INSTRUCTIONS FROM THE INTER-MINISTERIAL COMMITTEE ON THE BASIS OF THIS ASSUMPTION.

4. EMBASSY WISHES TO SUGGEST THAT USEC UNDERTAKE TO DEVELOP SOME INFORMATION ON EC-BRAZILIAN NEGOTIATIONS, LIMITED OFFICIAL USE

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AS SEEN FROM EUROPEAN POINT OF VIEW, TO HELP SHED LIGHT ON CURRENT BRAZILIAN APPROACHES AND ATTITUDES TO TEXTILE NEGOTIATIONS WITH DC'S.
CRIMMINS

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